

Up to 102% LTV / .3% ANNUAL FEE / GOVERNMENT BACKED GUARANTEED RURAL HOUSING LOANS (GEORGIA)

This fact sheet applies to manual underwriting and GUS our Automated System

PROGRAM BENEFITS

Up to 102% LTV	Always 100% of appraised value; - appraised value can only be exceeded by "guarantee fee"
Guarantee fee	2% of loan amount for purchases - Max loan - divide appraisal value by .98 - May be financed
"One time fee"	1.5% of loan amount for USDA Refi's - Max loan - divide appraisal value by .985 - May be financed
Annual Fee	.3% annual fee on the amortized balance for the life of the loan -
Cash to close	Very little or zero cash needed to close in most cases; no minimum contribution
Appraised value is limit	Not limited to lower of appraised value or purchase price; Customary closing costs and repairs can be financed up to the appraised value, then the guarantee fee can be loaned in addition to.
Term	30-year, fixed-rate
Interest rate	Market Rates! Maximum is FNMA 90-day + 60 basis points rounded up to the nearest 1/4%
Reserves	None required
Seller concessions/gifts	No maximum seller concessions or gift amounts - Purposes are limited - most lenders cap @ 6%
First-time homebuyer	Not limited to first-time homebuyers; But if first-timer, homebuyer education certificate required in GA
Property location	Must be located in eligible "rural" area (http://eligibility.sc.egov.usda.gov)
Lenders / Brokers	Lenders who underwrite these loans must be approved by RD (requires HUD/VA/FNMA/FHLMC/FCS approval); Brokers do not have to be approved to submit packages to approved underwriting lender.
Government forms	1 origination form (1980-21); 3 post-closing forms -- that is all !

INCOME AND RATIOS

GA Income Limits	Atlanta MSA Counties - Household Size - Up to 4: \$82,600 5 or more: \$109,050 Houston County - Household Size - Up to 4: \$82,600 5 or more: \$109,050 All other Counties - Household Size - Up to 4: \$74,050 5 or more: \$97,750
Household income	Verify all income of <u>all</u> household members - adjusted total cannot exceed income limits - Projection of the next 12 months (not an average of previous years) http://eligibility.sc.egov.usda.gov - AN 4575
Household Assets	Income must be calculated on net family assets greater than \$5000
Adjustments to income	\$480 per child <18 or "18+ and full-time student", 100% child care paid under age 12, etc.
Repayment income	Verify <u>dependable</u> income of parties to the note; underwriter documents dependability; O.T./bonus/commissions/self-employment used w/2-year history
Grossing-up	Non-taxed income may be grossed-up by the amount of federal tax savings attributable [the amount of tax that would normally be paid by a wage earner in a similar tax bracket] Not automatic 125%
Ratios	29 / 41 ; 31 / 43 if built to 2000 Energy Code; ratios can be exceeded with documented compensating factors (underwriter documents on 1008 or Ratio Form- RD concurrence needed)
Retained Dwelling/ Rental Income	Meet the requirements of 1) Does not own a dwelling in the local commuting area or 2) Own a dwelling which is not structurally sound or functionally adequate. All Mortg payment will be included in Debt Ratio unless evidence remaining party has made payment over the last 12 months or the retained residence has been rented for over 24 months. Any positive rental income will be added to annual income and repayment when stable & dependable. Only 1 other property may be retained if eligible.
Maximum Loan	No limit on loan amount; income / ratios become the limit
Re-Fi's	Refinance current USDA loans ("Direct" or "Guaranteed"). Fee - 1.5% of loan amt. & .3% annual fee
Co-signers	Non-occupant co-borrowers or co-signers are not allowed

CREDIT

Other credit	Lender certifies the loan wouldn't be made without the gov't guarantee. Conventional Credit - AN 4594
Credit report	RMCR or Tri-merged preferred, dual-merged accepted
Credit score	Score of 640+ may be considered acceptable, unless any of the following: a federal lien, Foreclosure or pre-foreclosure activity within 3 years, Bankruptcy Chap. 7 within 3 years or Chap. 13 completed within last 12 months or mortgage lates in the last 12 months. <640, manual credit assessment required; <580 should not be approved if any "indicators of unacceptable credit" are present (see below).
Manual assessment & "Indicators of unacceptable credit"	More than one-30-day slow pay w/in 12 months, completed FCL or FCL activity <3 years ago, tax lien or delinquent gov't debt w/no arrangement, judgment outstanding w/in 12 months, more than 2 slow rental payments w/in 12 months, account converted to collection in last 12 months or collection due and payable no matter the age, etc.
Bankruptcy and Foreclosure	(without extenuating circumstances) If doing a manual assessment, Chpt. 7 & foreclosures must have been elapsed/discharged for 3 years, Chpt. 13 discharged for 1 year
CAIVRS	Lender must obtain a clear CAIVRS number for each applicant (http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/sys/caivrs)
Credit waiver	Underwriter documents circumstances for derogatory credit were: beyond customer's control, temporary, and have been removed and issues waiver. Lender's credit decision must be documented on the waiver and supporting documentation must be submitted to RD.
Collection accounts	If there were extenuating circumstances to cause collection, lender determines if it will be paid off or left outstanding; Lender must retain documentation in their file for not requiring collections to be paid for all loans
Verification of rent	Only needed if <660; 12-months history
Non-traditional credit	Acceptable if no traditional credit is available; 3 references minimum; 4 references if no rental; no other risk layers: Nontraditional credit may not be used to offset a bad credit report.

UNDERWRITER INFORMATION

Risk layers	Is any combination of payment shock, credit waiver, ratio waiver or non-traditional credit
Risk layering	Only 1 layer of risk allowed; if >1, must have strong, documented compensating factors
Compensating factors	Ex.: PITI<Rent, 680+ credit score, substantial cash on hand after closing, accumulated savings, potential increase in income due to specialized training or education in their profession, conservative use of credit, long job history, etc.
Student loans	Deferred student loans must be counted in ratios regardless of length of deferment
Non-U.S. citizens	Qualified aliens are acceptable; RD must verify through the SAVE system
Buydown	Underwritten at full note rate. Initial rate reduced by 2% max and increased by 1% annually. Funds may come from seller, lender or 3rd party. Copy of escrow agreement required.

PROPERTY REQUIREMENTS

Rural area	Property must be located in eligible rural area (http://eligibility.sc.egov.usda.gov)
No physical lot size limit	Value of lot generally must not exceed 30% of total appraised value
Appraisal forms	URAR: FNMA /1004/FHMLC 70 for one unit single family dwellings Manufactured Home Appraisal Report and Addendum: FNMA 1004C/FHLMC 70B for all manufactured homes Individual Condominium Unit Appraisal Report FNMA 1073/FHLMC 465 for all individual condominium units
Appraisal review	RD will review for acceptability. Make sure comps are best available. Refer to GA Website for lender appraisal checklist to alleviate problems.
Appraisal	Cost approach section of the appraisal must be completed in its entirety when the dwelling is less than one year old. For dwellings more than one year old, the cost approach section of the appraisal needs to be completed for the lot value only
Effective Age	When there is a substantial difference between actual age and effective age of a dwelling, the lender must ensure the appraisal contains supporting documentation: Major Components consist of: Roof, wiring, plumbing, HVAC, windows, siding, etc. Cosmetic Items consist of: painting, flooring, plumbing and light fixtures, interior walls and doors, cabinets,
Other home	Cannot own other adequate home within local commuting area
Occupancy	Primary residence only
Property type	New or existing single family, site built/modular/PUD, new manufactured (condos must meet certain criteria)
Income-producing	No commercial buildings, farm buildings, farm fencing or buildings not essential for residential purposes
Swimming pools	In-ground swimming pools permitted if value is not financed - Appraiser must document value
Existing home inspection (over 1 year old or previously lived-in)	Lender determines who is qualified to inspect; alternately, may have FHA-roster appraisal stating the property meets requirements of HUD Handbooks 4150.2 & 4905.1 serve as inspection; generally well inspections are outside FHA appraisers' expertise
Required repairs	Only repairs necessary to make the property structurally sound, functionally adequate and in good repair are required; 100% repairs can be financed based on as-improved value.
New homes (less 1 year old)	In a county/city who has adopted the 8 mandatory building codes: 1) C.O./Building permit, 2)Well/septic letters, 3) Termite letter, 4) Minimum 1-year builder's warranty or 10 year warranty In a county/city who has <u>not</u> adopted the 8 mandatory building codes: 1) Plan certification (10-year warranted builders can self-certify), 2) Periodic inspection reports (with acceptable 10-year warranty, only the "final" inspection needed), 3) Well & septic letters, 4) Termite letter, 5) Minimum 1-year builder's warranty.
Minimum 8 Building Codes	B, M, G, P, E, F, EG & R - Maintained by DCA http://www.dca.state.ga.us/development/constructioncodes/programs/buildingofficials.asp
Construction loans	Preferred way: Submit package prior to start of construction based on "as built" appraisal; However, package can be submitted after construction is completed to take out the construction loan. "Turn-key job" from builder to purchaser (house & lot) is covered under "new homes" above.
Inspections/permits	Do not submit to RD, but retain in lender's file: building permit/C.O./warranties, well/septic/termite letters, & if lender requires, plans/specs
Termite Letters	Always required on new construction. Not required on existing unless FHA appraiser or lender requires a termite.
Septic	If using an FHA approved appraiser they can certify if the septic system is working properly for existing houses. If new construction a septic permit will be retained in the lender's file.
Shared Wells	A shared well shall have a valve on each dwelling service line as it leaves the well. Service no more than four living units or properties. Must have a shared well agreement and shall be binding upon signatory parties and their successors in title.
Flood Zones	If in a Flood Zone an Elevation Certificate must be provided to RD to determine if the 1st floor of habitable space is above the 100 year flood plain.
Surveys	No new survey required as long as title insurance is obtained
Noise assessments	Major sources of noise addressed by appraiser in appraised value

THE PROCESS	
Lender actions	1) Accept application, 2) Complete Prequal, 3) Process application & underwrite loan, 4) Submit package to RD (see submission email below and AN 4575 for Submission Checklist).
Underwriting Submission Packages	Email all electronic submission packages to ra.gagr@ga.usda.gov ; Hard copy packages must be sent to USDA, Rural Development 151 Langston Chapel Road, Rm 500, Statesboro, GA 30458
RD actions	1) Review package, 2) Issue Conditional Commitment or inform lender of needed add'l information
Lender then:	1) Closes the loan, 2) Submits closing package to RD (see closing email below and AN 4575 for Closing Checklist)
Closing Packages (LNG Request)	Email all electronic closing packages to ra.grhclosings@ga.usda.gov ; Hard copy packages and checks must be sent to USDA, Rural Development 151 Langston Chapel Road, Rm 500, Statesboro, GA 30458
RD then:	1) Completes closing package review, 2) Issues "Loan Note Guarantee"
GUARANTEED UNDERWRITING SYSTEM "GUS"	
GUS	<p>1)Free to USDA approved lenders 2) You will receive one of 3 results of Accept, Refer or Refer with Caution 3) For Accept Loans: 3 items required: appraisal with color photos, 1980-21 & Flood Cert, 4) For Refers submit a full doc package, 5)GUS Helpdesk 1-800-457-3642 Opt. 2 Opt. 2 or RD.HD@stl.usda.gov 6)For the GUS User Guide or to sign up GUS email ashley.carlan@ga.usda.gov</p> <p>Hints: Do not share passwords /Underwriters are the only ones to have final submit authority / Read Findings / Submit Full Docs when requested by GUS / Verify why applicants have multiple applications. Security Violations are subject to lender termination.</p>
MORE INFO / CONTACT	
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Websites & Info	<p>This fact sheet addresses most of our common questions but does not address all issues. For complete information access:</p> <p>1980-D Regulation - http://www.rurdev.usda.gov/SupportDocuments/1980d.pdf</p> <p>AN's (Administrative Notices) - http://www.rurdev.usda.gov/rd-an_list.html</p> <p>GA's RD Website - http://www.rurdev.usda.gov/GAHome.html</p> <p>Email Announcements - http://www.rdlst.sc.egov.usda.gov/listserv/mainervlet</p>
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